

**HOUSING AUTHORITY OF THE CITY OF KELSO**  
**Cowlitz County, Washington**  
**April 1, 1993 Through March 31, 1994**

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**Schedule Of Federal Findings**

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1. Housing Authority Officials Should Improve Controls Over Preparation and Review of Reports To Federal Grantors

The authority's report "Requisitions for Partial Payment of Annual Contributions" (HUD 52663) for the Section 8 Housing Program was misstated during several quarters for the program year ended March 31, 1994. The authority did not properly report the amount advanced from the Department of Housing and Urban Development (HUD) in prior quarters, resulting in over reimbursement throughout the year.

The Office of Management and Budget's (OMB) *Compliance Supplement For Single Audits of State and Local Governments*, for Section 8 housing programs (CFDA 14.857) states in part:

The following financial reports must be submitted periodically for these programs . . . Requisition for Partial Payment of Annual Contributions (HUD-52663).

In discussing the requirement for reporting accuracy, *Code of Federal Regulations* (CFR), 24 CFR 85.20(b)(1), states in part:

Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

The reporting error occurred because of weaknesses in the housing authority's system for preparing and reviewing reports. The Requisition for Partial Payment of Annual Contributions was misstated because the accounts coordinator who prepared the report did not fully understand the instructions. Additionally, review by the executive director did not disclose the error. Accuracy of this report is important because HUD cannot properly advance funds if the requests for reimbursement are not correctly prepared.

We recommend that housing authority staff receive additional training in report preparation. We further recommend reviewers more thoroughly examine all reports to ensure accuracy.